

Iowa  
**Retirement Investors' Club (RIC)**  
*Look forward to retirement!*

## Your Retirement Savings Benefit



An introduction to deferred compensation

## Introduction



The Iowa Retirement Investors' Club (RIC) is the State's **voluntary** retirement savings benefit designed to **help you save a portion of your hard-earned wages today**, for a time in the future when you are ready to retire or unable to work.

You can personally and positively affect what your options will be when you reach retirement age.

## Have you ever thought...

*"When I get to retirement, I can count on Social Security and IPERS benefits to be everything I need."*

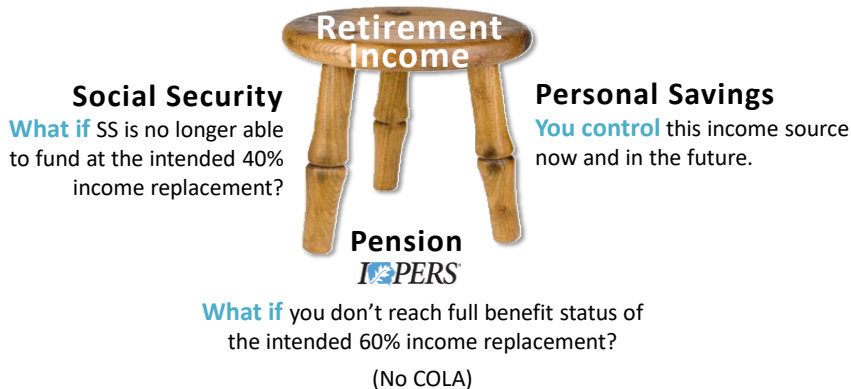


**NOT SO FAST!**

- Your ability to retire when you want depends on what you are doing now to prepare.
- Your own personal savings will be a critical part of your retirement income.

## Purpose

### Sources of income in retirement



## Purpose

Supplemental retirement savings plans like RIC are

*One part of your future you CAN control!*

Future uncertainties you CAN'T control:

- Social Security & pension income
- Healthcare costs
- Inflation & taxes
- Health
- Employment
- Death

**You CAN control *how you prepare* to handle these things.**

## Purpose

Participants in the RIC 457/401a retirement savings plans enjoy:

- Automatic savings
- Tax advantages
  - Pre & post-tax deductions
  - Tax-deferred/free earnings
  - Tax credit (must qualify)
- Access to competitive investments while saving and in retirement at little to no cost
- Flexible income at retirement



Now that you see  
the basic purpose  
and importance of  
your retirement  
savings plan, it's  
time to take  
control!



RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
- Changes/Distributions
- Enrollment



## Contributions

When you enroll in RIC, you will open 2 accounts.



- **A 457 account** for your contributions from payroll and eligible roll-in assets
- **A 401a account** for employer match contributions and eligible roll-in assets

You are fully vested in both accounts from day 1.

## Contributions



- Payroll deductions (minimum of \$25/month) are deposited into your selection of RIC investments in the 457 account.
- Deductions may be taken from:
  - All paychecks (26),
  - 1<sup>st</sup> & 2<sup>nd</sup> paychecks (24),
  - 1 paycheck/month (12)
- Deductions may be changed or stopped at anytime.

## Contributions (limits)



The total of all contributions (pretax and/or post-tax) made to the 457 account in a tax year must not exceed the IRS annual maximum limits.

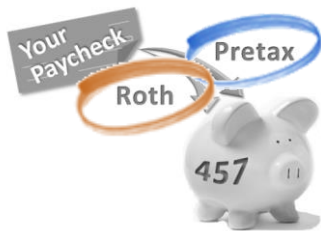
### 3-Year Catch-Up Limit

Must be within 4 years of normal retirement.

IRS 457 Maximum Contribution Limits		2020
<b>Regular</b>	100% of compensation up to:	<b>\$19,500</b>
<b>Age 50+</b>	Regular limit + \$6,500	<b>\$26,000</b>
<b>3-Year Catch-up</b>	Up to twice the regular limit	<b>\$39,000</b>

## Contributions (tax benefits)

**Tax advantages** differ depending on the taxation of deductions. You have the option to contribute pretax and Roth (post-tax)



	Pretax	Post-tax Roth*
Tax treatment of <i>deductions</i>	No withholding	Regular income tax withholding
Immediate tax benefit	Lower taxable income reported	None
Tax treatment of <i>earnings</i>	Tax-deferred until withdrawn as cash	Tax-free for qualified distributions
Consideration	Possibility of lower tax rate in retirement	Possibility of higher tax rate in retirement

\*This is not a Roth IRA

## Contributions (tax credit)

### Savers (Tax) Credit

You may be saying “**I can’t afford to save!**”. Consider the benefit of the Savers Tax Credit designed to help low-to-middle income earners save for their retirement.

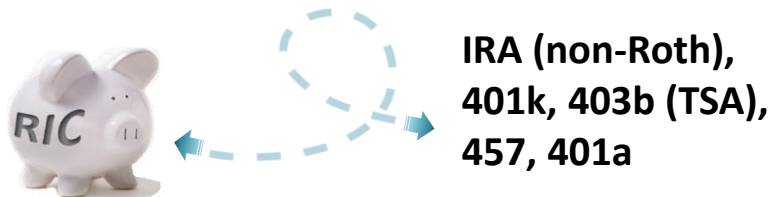


You may be qualified to receive up to a \$1,000 credit (\$2,000 if filing jointly) against taxes owed if your adjusted gross income does not exceed limits shown here.

	2021
Filing jointly	\$66,000
Filing single	\$33,000
Filing Head of household	\$49,500

## Roll-ins

Outside retirement plan assets may be rolled *into and out of* RIC at any time. This is a non-taxable transfer.



**Consider RIC benefits** of penalty-free competitive fixed rate accounts, no-load/low-cost mutual funds, expert advisors, etc. for your outside retirement assets.

## Investments

- Provider representatives are your best source of information about the investments being offered.
- The State of Iowa does not give investment advice.
- All investments involve some degree of risk; ask your providers what risk is associated with the investments in your portfolio.

## Investments

### Selection process

A public competitive bid\* determines which providers will offer investment products and services.

Required minimum standards such as:

- Diversified, competitive funds
- Restriction and penalty-free investments
- Flexible distribution options
- Advisors and investment planning tools24/7 internet/phone account access
- Investment planning tools
- And more at low cost

\* At least every 6 years





# Investments

## RIC Providers



### Bond (Income)

Fixed Rate (safety)  
 Inter-Term High-Quality Core Bond  
 High-Yield Bond  
 TIPS (Treasury Inflation-Protected Securities)  
 Global Bond

### Stock/Bond (Balanced)

Traditional Balanced  
 Lifecycle (target date)

### Stock (Growth)

Large Capital Stock Index  
 Large Capital Value Stock  
 Large Capital Growth Stock  
 Mid-Capital Stock Index  
 Mid-Capital Value Stock  
 Mid-Capital Growth Stock  
 Small Capital Stock Index  
 Small Capital Value Stock  
 Small Capital Growth Stock  
 Total US Stock Mkt Index

### International

Int'l Developed Mkts  
 Int'l Emerging Mkts  
 World

### Alternative

Real Estate  
 Socially Responsible  
 Self-Directed Brokerage Account (SDBA)

# Investments

## RIC Providers



Each of the providers offer 2 basic types of investments.

### Fixed Rate



- Declared rate-fixed period
- No market risk
- No restrictions/maturities
- No fees

### Mutual Funds

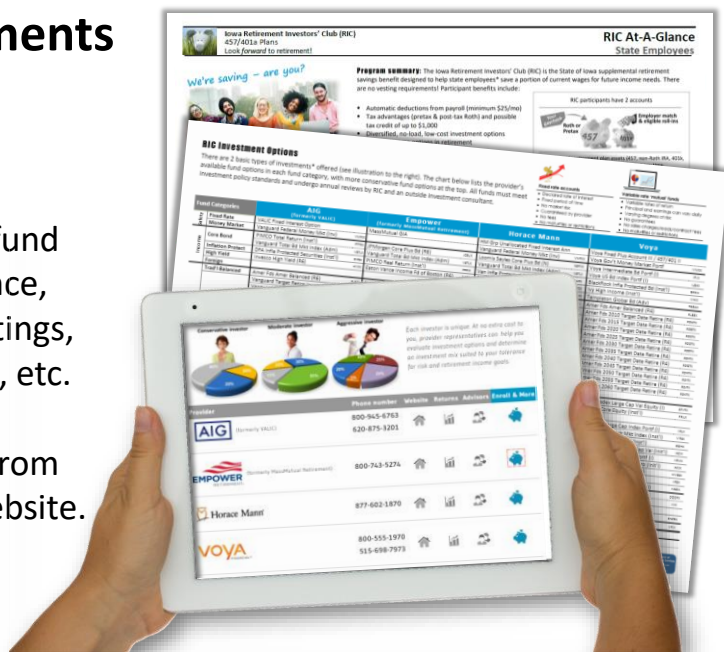


- Variable Rate
- Degrees of market risk
- No restrictions/maturities
- No sales charges or loads

Total fee range (as of 2/2021) = .03% - 1.17%

## Investments

Access to provider websites, quarterly fund performance, advisor listings, fixed rates, etc. are easily accessed from the RIC website.



## Investments

### How do I invest?

Everyone is different. Your investments and potential for earnings largely depend on your:

- **Risk tolerance**
- **Timeframe for investment**

Providers will help you establish your investment style.

You do not have to know how to select your investments. Your advisor will show you how.



## Investments

Don't hesitate to ask questions. Provider representatives have investment knowledge to help you make informed decisions.



## Changes

**Your RIC 457/401a plans are very *flexible*!**

At any time you may make changes to your:

- Payroll deductions

Complete the *RIC Account Form* to change the amount and taxation of deductions. Submit the form to your human resources associate or the RIC office.

RIC Use Only: Provider Plan No. \_\_\_\_\_

**Iowa Retirement Investors' Club (RIC)**  
*Look forward to retirement!*

**State Employee RIC Account Form**

Existing accounts use last 8 digits only

**Personal Information**

Last name \_\_\_\_\_ First name \_\_\_\_\_ M.I. \_\_\_\_\_ Social Security # \_\_\_\_\_  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Birth date \_\_\_\_\_ Agency/Dept \_\_\_\_\_ Phone (work) \_\_\_\_\_ Home (include or home) \_\_\_\_\_

**Account Status**

☐ New account (Must open 457(RIC) accounts with RIC provider) ☐ Change to existing account (This form replaces last completed deduction request)

The combined amount of all 457 pre-tax and Roth contributions in a tax year is limited to the IRS annually declared maximum contribution limits (see <http://www.irs.gov/retirement-accounts>)

**457 Payroll Deduction Election**

	AGB	Employer *	Horace Mann	Voysa
<b>TOTAL PRE-CHECK deduction amount</b>	Pre-tax \$ _____ /check Roth \$ _____ /check	Pre-tax \$ _____ /check Roth \$ _____ /check	Pre-tax \$ _____ /check Roth \$ _____ /check	Pre-tax \$ _____ /check Roth \$ _____ /check
<input type="checkbox"/> Stop deductions	<input type="checkbox"/> Stop deductions	<input type="checkbox"/> Stop deductions	<input type="checkbox"/> Stop deductions	<input type="checkbox"/> Stop deductions
<b>Deduction frequency (select one)</b>	<input type="checkbox"/> 12 checks/year <input type="checkbox"/> 1 <sup>st</sup> check or <input type="checkbox"/> 2 <sup>nd</sup> check	<input type="checkbox"/> 12 checks/year <input type="checkbox"/> 1 <sup>st</sup> check or <input type="checkbox"/> 2 <sup>nd</sup> check	<input type="checkbox"/> 12 checks/year <input type="checkbox"/> 1 <sup>st</sup> check or <input type="checkbox"/> 2 <sup>nd</sup> check	<input type="checkbox"/> 12 checks/year <input type="checkbox"/> 1 <sup>st</sup> check or <input type="checkbox"/> 2 <sup>nd</sup> check
<b>Effective date: Change effect</b>	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month
<b>Effective date: Change effect</b>	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month	<input type="checkbox"/> 1 <sup>st</sup> business day of the month

**Transfers between RIC Providers**

Transfer: ☐ All accounts From: ☐ AGB ☐ Employer\* ☐ Horace Mann ☐ Voysa  
☐ All accounts To (existing account): ☐ AGB ☐ Employer\* ☐ Horace Mann ☐ Voysa

Money check payable to: \_\_\_\_\_ RIC Participant, Plan #: \_\_\_\_\_

## Changes

**Your RIC 457/401a plans are very *flexible*!**

At any time you may make changes to your:

- Payroll deductions
- Investments

Your risk tolerance and savings goals will likely change over time. Your investment selection may also need to change. Investments may be changed online, by phone, or with help from your advisor without fees.



### Original mix:

Fixed rate account	20%
S&P 500 fund	50%
Small co fund	20%
International fund	10%



### New mix:

Fixed rate account	50%
Balanced fund	50%

## Changes

**Your RIC 457/401a plans are very *flexible*!**

At any time you may make changes to your:

- Payroll deductions
- Investments
- Address/name/beneficiary
- Provider/investment advisor
- Distributions



## Distributions (in-service)

### A distributable event must occur

- Unforeseeable emergency – financial hardship that meets strict federal guidelines (457 assets only)
  - Funeral expenses
  - Foreclosure or eviction
  - Loss of wages
  - Uninsured medical expenses
  - Not available for bankruptcy or divorce
- Attainment of age 70 ½
- Cash out (small inactive accounts)
- Separation from employment



In-service distribution requests are processed by RIC.

## Distributions (separated from employment)

### You choose how and when you want your money.

- Leave assets invested\*
- Take taxable distributions
  - Lump sums (total or partial)
  - Flexible periodic payments
  - Lifetime payments
  - Any combination
- Roll to another eligible plan

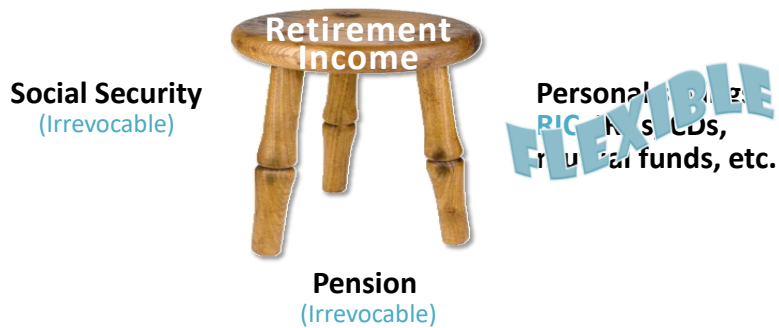


*Distribution requests are made directly to your provider. Employer authorization is not required.*

\*IRS minimum distributions must begin at age 70 ½ or retirement, whichever is later.

## Distributions (separated from employment)

### Sources of income in retirement



## Enrollment

### Enrollment is always open

The provider has everything you need to open your accounts. Ask them to help you through the process.

#### STEP 1

##### Choose a provider

*All providers meet plan rules, investment policy standards, and annual fund review requirements. All offer fixed rate accounts and no-load mutual funds.*

#### STEP 2

##### Open 457/401a and choose investments

*Providers have knowledge and tools to help you choose your investments. You may change your investment and provider selection at anytime without fees or restrictions.*

#### STEP 3

##### Complete RIC Account Form

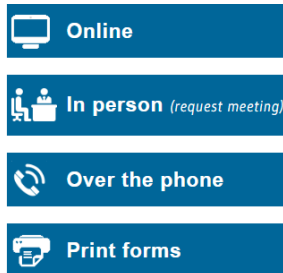
*Providers have tools to help you determine the amount you should contribute. Payroll deductions and match contributions begin the month after you enroll.*

**Submit all information as instructed by the provider.**

View [RIC Enrollment](#) and [Providers & Investments](#) for additional information.

# Enrollment

## Enrollment methods



Go to <https://das.iowa.gov/RIC/SOI/enrollment>.

View [RIC Enrollment](#) and [Providers & Investments](#) for additional information.

## Benefits for all ages

### Even if you are less than 5 years from retirement...

- Employer match up to \$75/month
- Automatic savings
- Tax benefits-lower taxes now or no taxes later (Roth)
- Fixed interest rate accounts (no maturities or fees)
- No-load, low-cost mutual funds (through retirement)
- Advisor services at no additional cost
- No surrender penalties or distribution fees
- No vesting requirements
- No age penalty for eligible 457 plan withdrawals

**Get started today!**

## Resources

- Call your provider if you have questions about your statements or the investments in your account
- Access your account online
- Visit the RIC website at <https://das.iowa.gov/RIC>
- Contact Robbie Stoecker  
515-242-6846  
[robbie.stoecker@iowa.gov](mailto:robbie.stoecker@iowa.gov)

